



GAIL FARBER, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

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Telephone: (626) 458-5100  
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ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

October 10, 2013

IN REPLY PLEASE  
REFER TO FILE: **PJ-0**

TO: Each Supervisor

FROM: Gail Farber *Gail Farber*  
Director of Public Works

### **MARTIN LUTHER KING, JR. MEDICAL CENTER INPATIENT TOWER PROJECT LETTER FROM FASONE CONSTRUCTION**

We are pleased to inform you that Hensel Phelps Construction Co. and their subcontractor have met with Fasone Construction and resolved the concerns detailed in their August 26, 2013, letter to the Board. A copy of this letter is attached.

If you have any questions, please contact me or your staff may contact David Howard at (626) 300-2300.

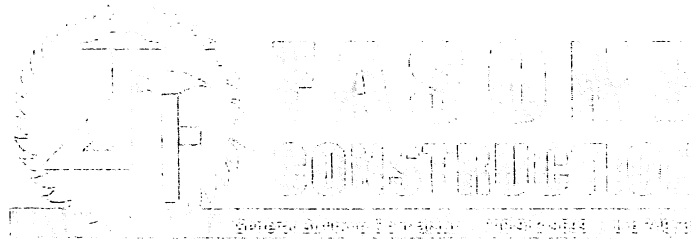
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Attach.

cc: Chief Executive Office (William T Fujioka, Brence Culp, Santos Kreimann,  
Rita Robinson, Jan Takata)  
County Counsel (John Krattli, Robert Cartwright)  
Executive Office

August 26, 2013



Honorable Supervisor Knabe,  
Hall of Administration  
500 W. Temple St., Ste. 383  
Los Angeles, CA 90012

RE: MLK Hospital In Patient Tower Project

Dear Supervisor Knabe,

This letter is a follow up to my letter of September 12, 2012 in which I expressed concerns regarding small business participation on a large project such as MLK Hospital . A copy is included for your convenience. At that time I met with David Howard, PE in the Department of Public Works. He was concerned with the situation and assisted with helping to move change orders thru and reduction of retention. While this was of some assistance, the nature of the project continued to create a hardship.

The MLK Project is now near completion and the resulting financial burden to Fasone Construction is devastating. As you know the project had many challenges and did not go as anticipated. Fasone construction did the right thing and performed to the best of its ability and the result is a substantial financial loss that will result in the closure of our family business. While we have been a successful business for 18 years the financial burden suffered as a result of participating on the MLK Project and the County's Small Business policy has had the negative effect of putting us out of business instead of helping us grow our business.

As you know the County has settled with Hensel Phelps for the cost overruns on this project. However, there was no consideration for the Small Disadvantage Businesses who participated in this project. The risk allocation was assigned to all contractors equally. This is an injustice as a small disadvantaged business like Fasone Construction should not have to bear the same burden as Hensel Phelps or Nevell Group. Fasone Construction was contracted to meet the 30% small business participation by performing small sections of scope. We were not part of the design build team and bear no responsibility for the problems that riddled this project.

#### FINANCIAL RECAP

Costs For Project Performance	\$1,704,786
Amount Paid	-\$1,414,380
Net Loss Out of Pocket	(\$290,406)

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SEE, WBE and MBE  
(800) 943-9699 Fax (562) 948-4509  
9820 Jersey Avenue • Santa Fe Springs, CA 90670

This represents a tremendous financial loss to Fasone Construction. How can the County allow such an inequity to the County's small businesses and expect that small business will want to participate in programs that have such a tremendous risk without policies and procedures in place to help protect the small businesses? Fasone Construction did the right thing and performed to the best of its ability and for this we will lose what we have worked for the past 18 years. The business closure will affect two generations of family owners and will result in 24 job losses for employees who are all Los Angeles County Residents.

REQUEST

I am asking the Board of Supervisors to remedy this injustice by considering the following options:

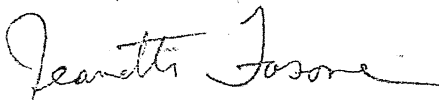
1. Condition the settlement with Hensel Phelps to allocate the full loss compensation to Fasone Construction as a Small Disadvantaged Business in Los Angeles County since the risk allocation would be unjust otherwise. Fasone Construction should not be punished for participation in the County's Small Business Policy, particularly when it performed despite the tremendous challenges.
2. Require Hensel Phelps to designate a more equitable allocation of settlement compensation for Fasone Construction based on scope of work.
3. Ask the County, Hensel Phelps and Nevell Group to share in the compensation of losses to Fasone Construction in an equitable manner to prevent an injustice.

For Clarification, Fasone Construction did not participate in any of the settlement negotiations and have not agreed to any settlement amount with Hensel Phelps or Nevell Group.

Fasone Construction has been a valued long time vendor for Los Angeles County in particular serving the Los Angeles County Fire Department in their Construction and Maintenance Division since 2004. (see letters attached).

PLEASE help us to continue doing business in Los Angeles County.

Sincerely,



Jeanette Fasone

President

Fasone Construction, Inc.

Cc: Supervisor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Mr. David Howard, PE, Asst. Deputy Director  
Mr. Michael Nevell, Nevell Group  
Mr. Clint Squires, Hensel Phelps.